

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7404

BILL NUMBER: HB 1968

DATE PREPARED: Dec 28, 2000

BILL AMENDED:

SUBJECT: Small Claims Courts.

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill raises the jurisdictional amount for small claims courts to \$7,500.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues: *Marion County Small Claims Courts* - This provision would likely reduce the revenue that the State General Fund receives from court fees if litigants file certain civil cases in Marion County small claims courts instead of in Marion County's courts of record. In 1984, Marion County's small claims jurisdiction was \$2,000. The General Assembly increased this amount to \$3,000 in 1988 and to \$6,000 in 1990.

Currently, litigants file actions to collect debts more than \$6,000 as civil plenary actions. The filing fee for these cases is \$100. Of this fee, 70%, or \$70, is deposited in the state General Fund if litigants file these cases in a trial court.

Trial Courts in other Counties - For counties other than Marion, the change in the threshold from \$3,000 to \$7,500 will reduce revenue to the State General Fund if these actions are filed as small claims cases instead of civil plenary cases. The fee for a civil plenary case is \$100, of which \$70 is deposited into the State General Fund. The fee for a small claims case is \$35, of which \$24.50 is deposited in the State General Fund. Consequently, the State General Fund would receive \$45.50 less for each case that is filed as a small claims case rather than as a civil plenary case.

The number of civil plenary cases with claims between \$3,000 and \$7,500 is not known. Consequently, the potential revenue loss is indeterminable.

Explanation of Local Expenditures: *Marion County Small Claims Courts* - The change in the threshold to \$7,500 for small claims actions will increase the caseload of the Marion County small claims courts. There are nine townships in Marion County. The small claims court system in Marion County consists of nine divisions based on the township lines. The expenses of the small claims courts in Marion County are paid by each division's respective townships through budget appropriations. This shift will also decrease the number of filings in Marion County's courts of record, potentially reducing the workload of these courts.

Trial Courts in other Counties - Small claims divisions have very high volume and require considerable staff resources, particularly since the litigants often are not represented by attorneys and do not understand court procedures. Consequently, many courts have several staff people assigned to help litigants with filing claims, giving directions, and answering telephone calls. If the small claims caseload increases, courts with small claims jurisdictions may need to either increase staff or reassign staff from other court functions to accommodate the increased number of litigants.

Explanation of Local Revenues: *Marion County Small Claims Courts* - This bill would reduce revenue to the county general fund in Marion County and increase the fee revenue that would be deposited in the Marion County small claims courts. Currently, civil cases for amounts between \$6,000 and \$7,500 are filed in Marion County courts of record as civil plenary actions. The filing fee is \$100. The county general fund receives \$27, or 27%, of the filing fee. The other \$3, or 3%, is deposited in the general fund of the cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a circuit, superior, county, or municipal court located in the county. If these cases are instead filed in the Marion County small claims court, the county general fund would receive no filing fee.

As revenue deposited into the county general fund would likely decline, the revenue deposited into the township would increase. The filing fee in the Marion County small claims courts is \$50.50. All of the \$50.50 small claims filing fee is deposited into the township general funds or paid to elected constables and their deputies. No portion of the \$50.50 small claims filing fee is deposited into the state or county general funds.

In CY 1999, a total of 76,002 small claims actions were filed in the Marion County small claims courts, and a total of 12,690 civil plenary actions were filed in the Marion County courts of record. No information is available regarding the number of cases filed for amounts between \$6,000 and \$7,500.

In all other counties combined, a total of 206,216 small claims actions were filed in courts of record with small claims jurisdiction in 1999. A total of 71,778 civil plenary actions were filed in courts of record in 1999. No information is available regarding the number of cases for amounts between \$3,000 and \$7,500.

State Agencies Affected:

Local Agencies Affected: Marion County Small Claims Courts; all other courts of record with small claims jurisdiction.

Information Sources: 1999 Indiana Judicial Report (Vol. I); Lilia Judson, Executive Director, Division of State Court Administration.